

**Penny Trust Fund Board Meeting
Office of the State Treasurer
600 Dexter Avenue, Room S-106
June 23, 2011**

MINUTES

Board Members present

Governor Robert Bentley
Treasurer Young Boozer
Dr. Joe Morton, State School
Superintendent
Auditor Sam Shaw
Dr. Don Williamson, State Health Officer

Others present

Glenda Allred, Deputy State Treasurer
Karen Barron, Auditor's Office
Joe Cottle, Citizen
Zach Lee, Aide to Governor Bentley
Kathie Lynch, Auditor's Office
Cory Rambo, Treasurer's Office
Gina Smith, Assistant to the Treasurer

Pursuant to written and public notice, a regularly scheduled meeting of the Board of Directors of the Penny Trust Fund was held in the State Treasurer's Office, located in room S-106 of the State Capitol, on June 23, 2011.

The meeting was called to order by Treasurer Young Boozer at 10:30 a.m. Roll was taken and a quorum was present. Treasurer Boozer noted that the Penny Trust Fund had been in existence for 20 years and this was the first meeting of its Board of Directors.

Treasurer Boozer stated the board did not currently have officers, therefore members must elect a chair and a secretary. Dr. Morton made a motion for Treasurer Boozer to serve as chair and Auditor Shaw to serve as secretary. Dr. Williamson seconded the motion and the motion was unanimously approved.

Treasurer Boozer gave a brief overview of the program's 20-year history, noting that it was created by Constitutional Amendment and that a statute, known as the Buskey Matching Act, was enacted in 1993 that provided a 1-1 match from the state General Fund and Education Trust Fund for any monies contributed. Treasurer Boozer explained that the Buskey Matching Act was repealed by the Legislature in the 2011 Regular Session. He noted the Penny Trust Fund (PTF) received monies from several other sources, including donations from individuals, income tax return check-offs and license plate fees. He explained that license plate monies were derived from Educator and Retired Educator plates, as well as a \$5 fee collected from certain other affinity tags. Treasurer Boozer then explained that the PTF was a classic income trust and stated that 90% of earned income on an annual basis was to be distributed, with the remaining 10% returning to the principal.

Treasurer Boozer directed the board's attention to the document outlining the PTF's finances, reiterating the 90/10 distribution structure. Gov. Bentley asked whether this structure was in the constitutional amendment. Treasurer Boozer affirmed that it was. He then reviewed the financials, explaining the growth of the fund and the interest income earned on the corpus. He further explained the funding sources, noting there had been \$1.194 million in contributions, and also highlighted the amount of matching funds provided by the state over the years. Dr. Morton

asked if the state's matching amount was now zero and Treasurer Boozer informed him that once the law repealing the Buskey Matching Act went into effect, that would be correct.

Treasurer Boozer then directed the board's attention to the last column on the financials datasheet, which showed expenditures. He noted the state had collected and earned more than \$13 million through the PTF and had paid out just less than \$32 thousand on one occasion in 2001, with those funds going to Public Health (ADPH).

Treasurer Boozer mentioned an investment policy should be adopted and enacted. He will propose a policy at the next meeting.

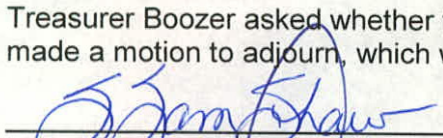
Treasurer Boozer said the board must take certain actions. He said according to the structure of the fund, the board may distribute 90% of the prior year's income, which means the board is looking at distributing \$9 thousand before the end of FY 11. Half must go to Public Health and half to the Department of Education (ALSDE). Furthermore, he said Glenda Allred will work with staff at Public Health and ALSDE to ensure distribution is made correctly.

Directing the board's attention to agenda item 5.B., Treasurer Boozer encouraged discussion of the future of the Penny Trust Fund. After discussing whether to continue the PTF as structured, to revise the statute so that increased payouts would result, or to repeal the amendment to liquidate the PTF, board members elected at this time to modify the fund's investments initially and commence regular payouts as required by the constitutional amendment that created the PTF.

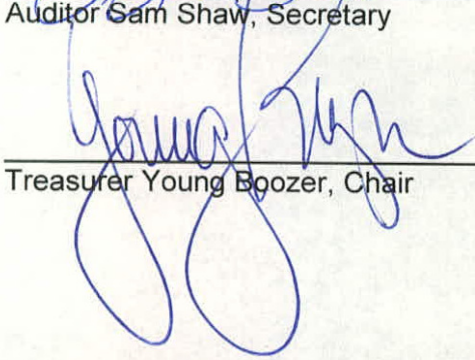
The board then moved to item 5.C. on the agenda, which was consideration of an investment policy. Treasurer Boozer said he had talked with legislators about expanding Treasury's ability to have more options to better invest the state's money, thus providing more options to invest PTF monies. Treasurer Boozer said he hoped to see this change in investment options take place during the next regular legislative session.

Treasurer Boozer said item six is the determination of a board meeting schedule. He suggested the board needs to meet again before the end of the calendar year.

Treasurer Boozer asked whether there was any other business. There being none, Dr. Morton made a motion to adjourn, which was seconded and unanimously approved.



Auditor Sam Shaw, Secretary



Treasurer Young Boozer, Chair